



State of Wisconsin  
**Department of Health and Family Services**

Jim Doyle, Governor  
Helene Nelson, Secretary

**Spousal Impoverishment Asset Limit**

Change to Base	FY 04		FY 05	
	GPR	All Funds	GPR	All Funds
MA Expenditures	-\$46,200	-\$111,000	-\$138,600	-\$333,300

**Description of Proposal**

- Modify the asset limit for MA eligibility under spousal impoverishment to be \$50,000 rather than the current limit of the maximum of: a) \$50,000 or b) one half of the couple's assets (but no more than the federal maximum).

**Background**

- Spousal impoverishment laws are designed to prevent the impoverishment of the community spouse of an institutionalized MA recipient by reserving part of the couple's income and resources to support the community spouse.
- Federal regulations provide states discretion in establishing the asset threshold for spousal impoverishment within limits, which are increased each year by the increase in the Consumer Price Index. In calendar year 2002 the range is \$17,856 to \$89,280.
- Wisconsin has incorrectly interpreted the federal regulations by calculating the community spouse asset share to be different amounts within the federal range depending on the couple's total assets.
- Under current law, the community spouse can retain an asset amount equal to the greater of \$50,000 or one-half of the couple's assets (but not to exceed the federal maximum). This provision violates federal regulations that require the limit to be a uniform amount for all couples. To conform to the federal regulations, Wisconsin needs to set a single standard that can be transferred.
- In addition to the transfer of assets, an institutionalized individual may transfer a monthly income allowance to the community spouse that would bring the income of the community spouse up to 200% of the federal poverty level.

**Rationale for Proposal**

- By setting a single amount for the community spouse asset share, the Wisconsin spousal impoverishment guidelines will comply with federal requirements.
- Although setting the asset limit at \$50,000 will adversely affect some couples, it will not affect couples with assets less than \$100,000.
- The ability to transfer \$50,000 of assets to a community spouse, in combination with the potential income transfer of up to 200% of the federal poverty level, should provide reasonable resources to the community spouse.